STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

TESTIMONY SUBMITTED TO THE
PLANNING AND DEVELOPMENT COMMITTEE
FEBRUARY 9, 2009

Michael J. Cicchetti, Deputy Secretary
Office of Policy and Management

Concerning Proposals to Delay Revaluation or Modify the Revaluation Process
Proposed Bill No. 388, 395, 5545, 5547, 5551, 5860, 5562, 5867, 5874, 5879 and 6307

Thank you Senator Coleman, Representative Sharkey and distinguished members of the Planning and Development Committee for allowing me to submit written testimony concerning the 11 proposed bills on your agenda that deal with revaluation. Most of these proposals would allow for a revaluation delay so as to allow towns to reduce costs.

As I'm sure you are aware, Governor M. Jodi Rell strongly supports reducing the cost of government at both the state and local level. To facilitate municipal cost savings, she proposed Governor's Bill No. 6389 (An Act Promoting Regionalization). Section 7 of that bill would implement the January 6, 2009 recommendations of the Property Revaluation Work Group, by allowing the Secretary of the Office of Policy and Management to extend a town's next revaluation date. A town could receive an extension of up to two years if the town's inability to contract for the services of a revaluation company jointly with another town(s), is due solely to the date the town must complete a revaluation. The Governor believes that removing this impediment to towns contracting jointly for revaluation company services provides an incentive for them to do so. In the past, such joint revaluation company contracts have resulted in municipal cost reductions.

Although well intentioned, it is not clear that the proposed bills on your agenda today will actually result in cost savings. At the end of a deferral period, there would be an increased demand for revaluation company services, which could lead to cost increases.

By way of illustration, Proposed Bill No. 395 would allow the 48 towns scheduled to implement a 2009 or 2010 revaluation to defer that revaluation for up to two years. If all eligible towns choose the full two-year deferral, these 48 towns would not incur revaluation costs for the next two years. In 2011, however, they would have to complete revaluations, as would the 36 towns that implemented revaluations in 2006; a total of 84 towns may have to implement revaluations in that year. Regardless of whether all or only some of the eligible towns defer revaluation, there will be a greater demand in 2011 for revaluation company services. Cost increases that could result from such an escalation in demand may not offset the short term savings that deferral towns experience. Moreover, such cost increases could also impact the 36 towns that did not defer a revaluation in 2009 or 2010.

I urge you to consider the potential unintended consequences of the proposed revaluation delay bills on your agenda today and to support the provisions of the Governor's Bill No. 6389 (An Act Promoting Regionalization) as a means of encouraging reductions in the cost of revaluations.